CALIFORNIA ENERGY COMMISSION
1516 Ninth Street
Sacramento, California 95814

Main website: www.energy.ca.gov

CLEAN ENERGY BUSINESS FINANCING PROGRAM
2.75 PERCENT LOAN APPLICATIONS AVAILABLE
(AMERICAN RECOVERY AND REINVESTMENT ACT OF 2009)

Loan applications are now available and being accepted for the Clean Energy Business Financing Program (CEBFP). The CEBFP provides approximately $30 million in low-interest loans to eligible California clean energy manufacturing businesses that create and/or retain jobs in the state. Loans are provided at a fixed interest rate of 2.75 percent. The CEBFP uses the American Recovery and Reinvestment Act of 2009 (ARRA), State Energy Program (SEP) funds to stimulate jobs, reduce energy use, and increase California energy generation. The California Energy Commission is implementing the CEBFP with the assistance of the California Business Transportation and Housing Agency (BTH), which is providing program assistance and loan support through a network of four Financial Development Corporations (FDCs) located statewide. Funding for CEBFP loans is available according to the Energy Commission's adopted SEP Guidelines[1], the Energy Commission agreement with the BTH, and this Loan Opportunity Announcement.

IMPORTANT DATES

- April 15, 2010: CEBFP Loan Announcement and Loan Application are available on the Energy Commission website at: www.energy.ca.gov/recovery/cleanenergy.html
- May 6, 2010: A completed application is due to the Energy Commission. See *How Does the Application Process Work*.
- May 10-14, 2010: The Energy Commission evaluates, scores, and ranks applications submitted by the due date. Required environmental and historic preservation documents for qualified applicants are forwarded to applicable agencies for review and approval.
- May 17-28, 2010: The FDCs evaluate the financial eligibility of the qualifying applicants and make financial feasibility recommendations.

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[1] The SEP Guidelines Second Edition, adopted by the California Energy Commission on February 10, 2010 is available at: www.energy.ca.gov/2009publications/CEC-150-2009-004/CEC-150-2009-004-CMF-REV1.PDF Note: Chapter I and Chapter VI (pages 49-53) pertain to the CEBFP.

HOW CAN THE LOANS BE USED?

The CEBFP loan funds can be used to expand existing manufacturing facilities, diversify into, or retool for the manufacturing of eligible energy efficiency or renewable energy products, components, systems, and technologies. Loan funds are also available for projects generating either new production or expanded production of biomethane gas from biomass that is direct-injected into natural gas transmission lines. Funds loaned under the CEBFP may only be used to purchase and install equipment meant solely for the purposes listed. See SEP Guidelines, page 49)

Successful applicants may use CEBFP loan funds for projects to:

- Manufacture and/or assemble eligible energy efficiency or renewable energy products, components, systems, or technologies in California to create new jobs or retain existing jobs;
- Improve or expand such existing clean energy manufacturing activity to create new jobs or retain existing jobs;
- Modify such existing clean energy manufacturing facility or activities in California to enable, retool, and/or expand using California suppliers to create new jobs or retain existing jobs; or,
- Generate either new production or expanded production of biomethane gas that is suitable for direct injection into the natural gas pipeline and eligible for purposes of California's Renewables Portfolio Standard (RPS) to create new jobs or retain existing jobs.

WHAT ARE THE LOAN CONDITIONS?

The minimum loan is $50,000 and the maximum amount is $5 million. The interest rate for all loans is fixed at 2.75 percent. The loans are for fixed assets, and the term of the loans will not exceed the lesser of seven (7) years, the useful life of the loan-funded equipment, or the lease term of the building where the loan-funded equipment is installed.

WHO IS ELIGIBLE?

Eligible applicants are limited to California businesses that manufacture and/or assemble commercially available energy efficiency or renewable energy components, systems, or technologies, or produce biomethane gas from biomass suitable for direct pipeline injection. For a CEBFP loan, a California business is a for-profit corporation or other business form organized for the transaction of business that 1) either has its headquarters or an office in California and 2) either manufactures and/or assembles the components, systems, or technologies for which a loan is sought or produces biomethane for which a loan is sought.

WHAT PROJECTS ARE ELIGIBLE?

Proposed projects must meet these requirements:

- The project must be physically located in California.
- The project must result in creating and/or retaining California jobs.
- The project must aid California in achieving established energy savings and renewable energy goals within the state.
- The project must be used to improve the applicant's operational energy efficiency.
- The project must be completed by March 31, 2012.

The proposed projects may use loan funds to retool for, diversify into, or expand the manufacture and/or assembly of:

a. Select cost effective energy efficiency components, systems, and technologies to promote California energy efficiency measures, however are strictly limited to these applications:

- Energy efficient interior lamps and lighting components, provided the additional requirements below are satisfied.
- LED traffic or pedestrian signals.
- LED or induction lighting controls for adaptive lighting and addressable controls.
- LED or induction lamps for all exterior applications including street lighting, walk-way lighting, parking lot, and parking garage lighting.
- LED exit signs.
- Dual technology occupancy sensors (combination ultrasonic and passive infrared).
- National Electrical Manufacturers Association (NEMA) approved premium efficiency motors, or components of these products.
- Variable Frequency Drives (VFD) or components of, for all motors, fans, and pumps.
- High Efficiency Heating, Ventilation, and Air Conditioning (HVAC) components and package units – package units must be at least 16 SEER or 13 EER, components must be used in a 16 SEER or 13 EER unit.
- Energy Star qualified appliances or components of these products.
- Energy Star qualified windows or components of these products.
- WaterSense labeled toilets, showerheads, and landscape irrigation controllers, or components of these labeled products.
- Cool Roof rated products (rated in excess of Title 24 requirements).

- Insulation material (rated in excess of Title 24 requirements).

b. Select renewable energy components, systems, and technologies necessary for these renewable resources for the RPS:

- Wind
- Solar
- Biogas, landfill gas, and digester gas
- Fuel cells using renewable fuels

c. Biomethane gas that is suitable for direct injection into the natural gas pipeline and eligible for the RPS.

Additional Requirements for Energy Efficient Interior Lamps and Lighting

Energy efficient interior lamps and lighting components must exceed the following lumens / watt efficacy, as defined in the California 2008 Title 24 building standards:

Lamp Power Rating for Non-LED Lighting **OR** **System Power Rating for LED Lighting**	**Minimum Lamp Efficacy for Non-LED Lighting** **OR** **Minimum System Efficacy for LED Lighting**
5 watts or less	30 lumens per watt
over 5 watts to 15 watts	40 lumens per watt
over 15 watts to 40 watts	50 lumens per watt
over 40 watts	60 lumens per watt

Components must also exceed a minimum Color Rendering Index (CRI) rating, as proposed by the American Clean Energy and Security Act of 2009 (H.R. 2454), of:

- 80 if not a “modified spectrum” lamp
- 75 if a “modified spectrum” lamp

Any project requesting funds for manufacturing energy efficient interior lamps and lighting components must provide independent, third party verification that the product meets these requirements or is part of a system that meets these requirements.

WHAT PROJECTS ARE NOT ELIGIBLE?

Projects that do not meet the terms of the SEP and/or CEBFP are ineligible. In addition, the Federal ARRA guidelines expressly prohibit using ARRA SEP funding for these purposes:

- Any project involving gambling establishments, aquariums, zoos, golf courses, or swimming pools;
- Construction; such as construction of mass transit systems and exclusive bus lanes, or for construction or repair of buildings or structures;
- Purchasing land, a building or structure or any interest therein.
- Subsidizing public transportation fares;
- Subsidizing utility rate demonstrations, state tax credit energy conservation measures or renewable energy measures;
- Conducting, or purchasing equipment to conduct, research, development or demonstration of, energy efficiency or renewable energy techniques and technologies not commercially available;
- Using more than 20 percent for office supplies, library materials or other prohibited equipment purchases.

HOW DOES THE APPLICATION PROCESS WORK?

The Application has five sections:

I. Applicant Information, specifying the applicant-selected FDC, Business Information, Collateral, Ownership Information, a Loan Application Checklist, and an Equal Credit Opportunity Checklist;

II. Project Information, including the Project Category, a Brief Narrative of the Project, and a Project Timeline;

III. Project Demonstration, including Job and Economic Impact in California and Energy Generation/Energy Reduction;

IV. Budget, which includes Direct Labor Costs for Equipment Installation and Contract and Equipment Details; and

V. Equipment.

Each applicant must select only one FDC with which to work. This selection is indicated on page one of the application. The four participating FDCs are:

1. **Pacific Coast Regional Small Business Development Corporation**
   Mark J. Robertson, Sr., President
   3255 Wilshire Boulevard, Suite 1501
   Los Angeles, CA 90010
   Voice: 213-739-2999, Ext. 225
   Fax: 213-739-0639
   E-mail: mark.robertson@pcrcorp.org
   www.pcrcorp.org

2. **State Assistance Fund for Enterprise-Business and Industrial Development Corporation (SAFE-BIDCO)**
   Mary Jo Dutra, President
   1377 Corporate Center Parkway, Suite A
   Santa Rosa, CA 95407
   Voice: 707-577-8621 or 1-800-273-8637
   Fax: 707-577-7348
   E-mail: mjd@safe-bidco.com
   www.safe-bidco.com

3. **San Fernando Valley Small Business Financial Development Corporation**
   Roberto Barragan, President
   5121 Van Nuys Boulevard, Third Floor
   Van Nuys, CA 91403
   Voice: 818-834-9860
   Fax: 818-897-8007
   E-mail: roberto@vedc.org
   www.sfvfdc.org

4. **Valley Small Business Development Corporation**
   Debbie Raven, CEO
   7035 North Fruit Avenue
   Fresno, CA 93711
   Voice: 559-438-9680
   Fax: 559-438-9690
   E-mail: www.draven@vsbdc.com

Each applicant must submit the completed application to the Energy Commission. **To be considered for review, all applicants must submit their completed applications (all five sections) to the Energy Commission by 5 p.m. on May 6, 2010 at:**

California Energy Commission
Grants and Loans Office
1516 Ninth Street, MS -1
Sacramento, CA 95814

The Energy Commission evaluates and ranks the applications based on the CEBFP program priorities. These priorities emphasize loans for clean energy manufacturing businesses that create and/or retain jobs in California, and not for any other purpose including endorsement or validation of any technology, project, cost estimate, or utility rate.

HOW DOES THE ENERGY COMMISSION EVALUATE THE APPLICATION?

The Energy Commission reviews the applications for completeness, and then evaluates Sections II –V. Each application is evaluated on both pass/fail criteria and point-based criteria. Applications must pass all pass/fail criteria to be eligible. Eligible highest scoring applications that pass all pass/fail criteria are given first priority for funding based on their point scores.

General (pass/fail):

The following describes the criteria for categories of the application that are evaluated for pass or fail:

a. The application is complete (pass/fail)

b. The project does one of the following (pass/fail):

   i. Manufactures and/or assembles eligible energy efficiency components, systems, or technologies

   ii. Manufactures and/or assembles eligible renewable energy components, systems, or technologies

   iii. Produces biomethane gas suitable for pipeline injection for the purpose of the Renewables Portfolio Standard

c. Budget information is complete. (pass/fail)

d. The entire project to be funded with CEBFP funding is physically located in California. (pass/fail)

e. The project will be completed by March 31, 2012. (pass/fail)

f. Project objectives are clearly defined (pass/fail)

Project Financing (20 points)

a. The ability and evidence to leverage additional funds. (20 points)

- greater than or equal to 3:1 (Leveraged Funds : CEBFP Funds) = 20 points
- greater than or equal to 1:1 but less than 3:1 = 14 points
- less than $1 leveraged funding per $1 CEBFP funding = 7 points

Leveraged funding can be provided from a variety of sources including, but not limited to, other ARRA SEP programs, utility programs, local government initiatives, public university and college energy bond programs, private financing and federal tax credits.

Job and Economic Impact in California (60 points):

a. CEBFP funding spent per job created and/or retained (30 points):

Goal is to have one job created or retained per $92,000 of CEBFP funding invested, for which applicants will receive a passing score (70 percent or 21 points).

Points will be calculated by the following formula:

Points Awarded = ($92,000 divided by (CEBFP funds spent per job)) multiplied by 21

Points awarded will be rounded to the nearest whole number and are not to exceed 30.

b. CEBFP fund spent per unit of energy saved and/or generated from the manufactured product (30 points):

Goal is to have 10 million BTU (MMBTU) saved/generated from the manufactured product per year per $1,000 of CEBFP funding invested, for which applicants will receive a passing score (70 percent or 21 points).

Points will be calculated by the following formula:

Points Awarded = ($1,000 divided by (CEBFP funding spent per 10 MMBTU)) multiplied by 21.

Points awarded will be rounded to the nearest whole number and are not to exceed 30.

Economic Need Adjustment (up to 10 points):

Manufacturing Job Loss Adjustment (up to 10 points) – Applicants will be awarded points based on the California Employment Development Department’s current Employment Statistics Program, Labor Market Information Division’s “Change in Manufacturing Employment Between 2008 and 2009, by MSA and Region” report.

Projects will be awarded up to 10 points based on manufacturing job losses in the region in which they are located. The following Economic Need Adjustment Table indicates the four regions each county and metropolitan area are located, the total employment losses by region, and the point adjustment applicable to each region based on its job losses:

Economic Need Adjustment Table

Counties and Metropolitan Areas Included in Regions	2008 Mfg. Employment	2009 Mfg. Employment	Absolute Difference	Points (10)
Region 1 -- Central and Northern California	185,000	168,160	-16,840	**3**
Bakersfield MSA	Mendocino County			
Calaveras County	Merced MSA			
Chico MSA	Modesto MSA			
Colusa County	Mono County			
Del Norte County	Nevada County			
Fresno MSA	Plumas County			
Glenn County	Redding MSA			
Hanford-Corcoran MSA	Sacramento-Arden Arcade-Roseville MSA			
Humboldt County	Siskiyou County			
Inyo County	Stockton MSA			
Kings County	Tehama County			
Lake County	Trinity County			
Lassen County	Tuolumne County			
Madera County	Visalia-Porterville MSA			
Madera MSA	Yuba City MSA			
Mariposa County				

Counties and Metropolitan Areas Included in Regions	2008 Mfg. Employment	2009 Mfg. Employment	Absolute Difference	Points (10)
Region 2 -- Central Coast	377,800	344,400	-33,400	**5**
Napa MSA	San Luis Obispo-Paso Robles MSA			
Oakland-Fremont-Hayward Metro Div	Santa Barbara-Santa Maria-Goleta MSA			
Salinas MSA	Santa Cruz-Watsonville MSA			
San Francisco-San Mateo-Redwood City Metro Div	Santa Rosa-Petaluma MSA			
San Jose-Sunnyvale-Santa Clara MSA	Vallejo-Fairfield MSA			

Counties and Metropolitan Areas Included in Regions	2008 Mfg. Employment	2009 Mfg. Employment	Absolute Difference	Points (10)
Region 3 -- Los Angeles, Orange, Ventura Counties	644,500	576,300	-68,200	**10**
Los Angeles-Long Beach-Glendale Metro Div				
Oxnard-Thousand Oaks-Ventura MSA				
Santa Ana-Anaheim-Irvine Metro Div				

Counties and Metropolitan Areas Included in Regions	2008 Mfg. Employment	2009 Mfg. Employment	Absolute Difference	Points (10)
Region 4 -- Southeastern and Southern Border	212,200	186,200	-26,000	**4**
El Centro MSA				
Riverside-San Bernardino-Ontario MSA				
San Diego-Carlsbad-San Marcos MSA				

Source: Current Employment Statistics Program Employment Development Department, Labor Market Information Division

WHAT IS REQUIRED IF THE PROPOSED PROJECT QUALIFIES FOR PROGRAM MERIT?

After the Energy Commission evaluates the applications for program merit, the successful applicants are required to demonstrate compliance with certain federal, state, county, and local laws within the strict time limits imposed by the CEBFP deadlines. Applicants are cautioned that complying with these laws, and documenting the compliance, can be time consuming, and that failure to timely obtain the necessary documentation to demonstrate compliance with these requirements could likely jeopardize an applicant's ability to qualify for CEBFP funding. These requirements include:

- **National Environmental Policy Act (NEPA) Request for Exclusion Form –** Because the CEBFP uses federal funds, all proposed projects are subject to the NEPA. If the proposed project is not Categorically Excluded from NEPA, additional paperwork is required. The **NEPA Compliance Form** (Attachment 1) contains additional information about NEPA. Applicants selected for funding must complete this form before the Energy Commission's approval of a loan agreement.
- **National Historic Preservation Act (NHPA):** Projects involving a building or structure that is included in the National Register of Historic Places (NRHP) or eligible for inclusion in the NRHP require additional documentation. For additional information on NHPA requirements, please see the **National Historic Preservation Act Form** (Attachment 2). Applicants selected for funding must document compliance with the NHPA before the Energy Commission's approval of a loan agreement.
- **California Environmental Quality Act (CEQA) -** Projects selected for funding may meet the definition of a "project" for purposes of the California Environmental Quality Act (CEQA). If this occurs, the Energy Commission reviews the project to determine whether an exemption applies that would prevent further actions under CEQA. If no exemption applies, certain CEQA requirements (such as preparation of an initial study, a negative declaration, or an environmental impact report) must be met before the Energy Commission approving the contract. The **CEQA Compliance Form** (Attachment 3) contains additional information about CEQA. Applicants selected for funding must complete this form before the Energy Commission's approval of an agreement.
- **Applicable Permits** – Applicants must obtain all required local, regional, state, and federal permits. It is the responsibility of the applicant to determine which permits are necessary for the proposed project.
- **Applicable Air Quality Regulations** – All proposed projects must comply with all applicable air quality regulations. It is the responsibility of the applicant to determine what regulations pertain to the proposed project and to comply with these.

- **Waste Management Plan** – All applicants whose proposed projects will generate waste must submit a waste management plan.

- **Davis-Bacon Act (Federal prevailing wage law):** According to ARRA Section 1606, all laborers and mechanics employed by contractors and subcontractors on projects funded directly by or assisted in whole or in part by and through the Federal Government pursuant to ARRA must be paid wages at rates not less than those prevailing on projects of a character similar in the locality as determined by the United States Secretary of Labor in accordance with Subchapter IV of Chapter 31 of Title 40, United States Code (Davis-Bacon Act). For additional information on Davis-Bacon Act requirements, please see the **Davis-Bacon Act Questions and Answers** (Attachment 4)

- **California Prevailing Wage Law:** If a proposed project is a public work, it is subject to the prevailing wage requirements pursuant to California Labor Code. The California Department of Industrial Relations (DIR) has jurisdiction to decide whether a particular project is or is not a public work. If the project involves construction, alteration, demolition, installation, repair or maintenance work, it probably would be considered by DIR to be a public work. Loan agreements under the CEBFP will include the requirements for a public works project, such as paying prevailing wage, keeping payroll records, complying with working hour requirements, and apprenticeship obligations. For information about state prevailing wage requirements, see the **California Prevailing Wage Questions and Answers** (Attachment 5).

- **Buy American Act:** ARRA funds may not be used for a project for the construction, alteration, maintenance, or repair of a public building or public work unless all of the iron, steel and manufactured goods used in the project are produced in the United States in a manner consistent with United States obligations under international agreements. This requirement may only be waived by the applicable federal agency in limited situations, as specified in ARRA.

Additional Laws, Regulations, and Guidelines

In addition to the provisions above, successful applicants should be familiar with the following Federal and State laws, regulations, and guidelines that apply to the SEP:

Federal

- The American Recovery and Reinvestment Act of 2009
  http://www.energy.ca.gov/recovery/documents/HR1.pdf

  Department of Energy State Energy Program Funding Opportunity Announcement DE-FOA-0000052 , https://www.fedconnect.net/FedConnect

- Title 10 Code of Federal Regulations (CFR) Part 420: State Energy Program
  http://www.gpoaccess.gov/cfr/index.html

- Office of Management and Budget reporting requirements
  http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21.pdf

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21-supp1.pdf

http://www.whitehouse.gov/omb/assets/memoranda_fy2009/m09-21-supp2.pdf

- Council of Economic Advisers' *Estimates of Job Creation from the American Recovery and Reinvestment Act of 2009, May 2009* http://www.whitehouse.gov/assets/documents/Estimate_of_Job_Creation.pdf

State

- California Energy Commission State Energy Program Guidelines

http://www.energy.ca.gov/2009publications/CEC-150-2009-004/CEC-150-2009-004-CMF-REV1.PDF

HOW IS THE APPLICANT'S FINANCIAL ELIGIBILITY EVALUATED?

After completing the evaluation and ranking the proposed projects, the Energy Commission forwards the application to the applicant-selected FDC for financial feasibility recommendation.

The participating FDCs evaluate CEBFP loan applications using an underwriting process that is similar to the process used by banks and other financial institutions in making credit decisions. The financial and creditworthiness issues raised during the process will likely be the same as those for any other lender; however, the FDCs' task in the CEBFP process is to recommend the financial feasibility of the proposed projects despite the recognized issues.

The FDC's underwriting process includes key (but non-exclusive) components, yet also allows for the flexibility to consider the individual circumstances of each applicant. The FDCs' underwriting process includes:

Management Analysis

The FDCs look at management breadth and depth and a complete understanding of management's strengths and weaknesses. Revealed weaknesses are discussed with the applicant. Before proceeding with a loan request, an FDC must be satisfied that the management process includes:

- administration/supervision
- finance
- marketing
- production

Financial Analysis

a. *Performance*: For an existing business the FDCs reviews performance, i.e. the comparison of the most recent income statement with the prior period(s) including an analysis of trends in sales, margins and expenses.

b. *Financial Condition:* FDCs review and compare **the applicant's** current and historical balance sheets. Financial strength is in part measured by the FDC using several financial ratios:

   Current Ratio – The ratio of current assets to current liabilities measures the liquidity of the applicant, or its ability to pay its current (payment due within one year) debt obligations with its current assets.

   Quick Ratio - This ratio measures the coverage of current assets, net of inventory, over current liabilities.

   Debt to Worth Ratio - This ratio shows the amount of risk in the business assumed by the applicant's creditors, versus the risk assumed by the applicant. A preferred CEBFP transaction reveals a range for this (leverage) ratio at or near industry norms, or at least within the range of 2.0:1 to 5.0:1. At a minimum, applicants are expected to have a positive net worth.

   In addition to the financial condition of the applicant, the FDCs also analyze the financial condition of the principal(s). Any principal owning 20% or more of an applicant must provide a personal guarantee. The FDC analyzes the personal financial statement (not older than 90 days) to determine the principal's outside net worth (net of ownership in applicant) and whether it provides an adequate secondary source of repayment.

c. *Credit History*: FDCs analyze the applicant's and the principal(s) credit backgrounds to determine how debt obligations have been handled in the past. They use agency reports, including Experian and Dun & Bradstreet, and a list of the applicant's three largest suppliers. FDCs will fail applicants with poor historical credit patterns.

d. *Collateral:* FDCs require best available collateral for each loan. Loans must be secured with at least the business assets and financed assets secured with liens and Security Agreements. Loans also require personal guarantee(s) of the business principal(s) and/or corporation(s) who own more than twenty percent of the borrowing entity. Lack of satisfactory collateral alone is not sufficient reason to decline a loan request. A third party pledge of outside collateral can be acceptable where circumstances merit such a pledge.

Participation with Other Lenders

When possible, the FDCs look to leverage additional investment for each proposed project. Participation may be as an outside lender co-lending with the FDCs; or a FDC co-lending through other unrelated programs under its administration. Leveraged funding can be provided from a variety of sources including but not limited to other ARRA SEP programs, utility programs, local government initiatives, public university and college energy bond programs, private financing and federal tax credits. If project funds are identified but are not available at the time project funding is approved, the application must explain the expected timing and availability of the future funds. The application should also explain how the leverage funding will be used to accomplish the program goals and to successfully execute the proposed project and should identify the level of risk and other issues that may arise due to each source of leveraged funds. The application should reflect each component of leveraged funds in the project budget.

Fees

The FDCs may charge reasonable fees to the applicant to cover the cost of legal, accounting and other administrative costs. In addition, expenses directly attributable to the Loan may be charged. These may include fees for credit reports, title insurance, property appraisal, environmental assessments, etc. The Loan origination fee is $250. Loan fees are not to exceed 1 percent of the loan amount. The Loan documentation fee equals $250 per approved loan plus all other out-of-pocket expenses. Additional fees may be applicable.

Fixed Asset Financing

The FDCs consider the following qualifications and indications:

- Purchase of collateral that provides for a loan-to-value (or cost, whichever is less) of not more than 80 percent. The FDCs may make exceptions for a higher ratio when an applicant offers an adequate outside collateral in support of the request, or when other strengths (e.g. cash flow, low leverage, management expertise,) of the request provide sufficient comfort to mitigate the risk of a higher ratio.
- Demonstrated cash flow sufficient to repay the loan; or projected efficiencies, caused by the acquisition, that create adequate cash flow for repayment.
- Satisfactory credit history of applicant and principals.

Standard Loan Application Requirements

Each applicant is required to complete a CEBFP Application. Applicants are required to submit the following documents with their application:

a. Three years of business and personal tax returns, if available.

b. Three years of business financial statements which contain, at a minimum, balance sheets, and profit and loss statements, if available.

c. Personal financial statement dated not later than three months before the loan request from principals with 20 percent or more ownership.

d. Signed Certification of Financial Statement.

e. Signed IRS Form 8821 authorizing FDC to obtain verification of personal and corporate tax returns directly from the IRS.

f. Project proposal including a detailed budget.

g. Proof of hazard and liability insurance.

h. Accounts receivable and accounts payable agings, if applicable.

i. Schedule of debts to include amounts owed, current portion due, repayment schedules, interest rate and specific collateral if applicable.

This list of requirements constitutes a checklist that is made a part of the Credit file, and initialed by the assigned FDC Loan Officer.

Credit Reports/Lien Searches

The FDCs order and review standard credit reports on the business, and all principals owning 20 percent or more of a business under consideration for a loan.

Appraisal Reports

In those instances where existing fixed assets and/or real properties are being used as primary collateral, appraisals may be obtained. The FDCs adhere to regulations established by the Office of the Comptroller of the Currency (OCC) regarding when an appraisal should or should not be obtained on real property.

Standard Collateral Requirements

If an applicant is recommended by the FDC for funding and the Energy Commission approves the loan, the FDC will obtain a perfected interest in an applicant's assets, including outside assets of related parties, as appropriate. Loans may be secured with the following types of assets: real property, machinery, equipment, inventory, accounts receivable, stock pledges, securities, and personal guarantees.

A personal guarantee is required from all principals having a 20 percent or more ownership in the company being considered for a CEBPF loan. Appropriate hazard and liability insurance is required, and key man life insurance is considered depending on the size and nature of the transaction and the health and ages of the principals. The Energy Commission is named as a Loss Payee on the appropriate insurance policies.

Trust deeds are obtained and supported by a lender’s title policy in those cases where real property is pledged as collateral. UCC-1 filings and Security Agreements will perfect liens on personal property with specific lien filings on equipment.

Once an applicant meets financial eligibility and complies with all applicable federal, state and local requirements described under "WHAT IS REQUIRED IF THE PROPOSED PROJECT QUALIFIES FOR PROGRAM MERIT?" the FDC prepares the loan agreement documents on the Energy Commission's behalf. These documents are then forwarded to the Energy Commission so that the loan can be formally approved by the Energy Commission at a Business Meeting.

Note: In addition, loan recipients must be registered and in good standing in accordance with the requirements below and must adhere to all ARRA monthly reporting, auditing and other requirements as detailed in the loan agreement.

Dun and Bradstreet Data Universal Number System (DUNS): Before beginning work, loan recipients must obtain a DUNS number or, if necessary, update their organization's information. A DUNS number is a unique identifier used by the federal government to track distribution of federal funds. To obtain a DUNS number or to update information, please visit [www.dnb.com/US/duns_update] or contact the D&B Government Customer Response Center at 1-866-705-5711.

- **Central Contractor Registry (CCR):** All loan recipients must maintain current registration in the CCR at all times during which they have an active award funded with ARRA funds. The CCR database is the federal government's primary registrant database. It collects, validates, stores and disseminates data in support of federal grants, cooperative agreements, and other forms of assistance. To register, please visit CCR's website at [www.ccr.gov**]** For assistance, contact the Federal Service Desk at 1-866-606-8220. Registrants must update or renew their registration at least once per year to maintain an active status.
- **California Secretary of State's Office*:*** California business entities as well as non-California business entities conducting intrastate business in California are required to register and be in good standing with the California Secretary of State to enter into an agreement with the Energy Commission. If not currently registered with the California Secretary of State, applicants are encouraged to contact the Secretary of State's Office as soon as possible to avoid potential delays in beginning the proposed project (should the application be successful). For more information, contact the Secretary of State's Office via its website at: www.sos.ca.gov

HOW ARE FUNDS DISBURSED?

Once a loan is formally approved and the loan agreement executed, loan funds are made available to the applicant/borrower on a reimbursement basis. For each reimbursement request, receipts and invoices for incurred expenses must be submitted along with payment verification.

All projects must be completed and loans fully disbursed (i.e. all invoices must be submitted and paid) on or before **March 31, 2012.**

WHERE CAN APPLICATIONS BE OBTAINED?

Applications available are online at: www.energy.ca.gov/recovery/cleanenergy.html

Applications can also be found at the websites for the four participating FDCs. A print copy may be requested by contacting the Energy Commission's Public Programs Office at (916) 654-4104 or by a written request to:

California Energy Commission
Attn: Special Projects Office
1516 Ninth Street, MS #23
Sacramento, CA 95814-5512
E-mail: CEBFP@energy.state.ca.us

WHERE CAN QUESTIONS BE DIRECTED?

California Energy Commission staff cannot personally answer questions regarding the program during the application period; however, answers to frequently asked questions (FAQs) may be released to the public.

News media should direct inquiries to the California Energy Commission, Media and Communications office at: (916) 654-4989.

Notice Date: April 15, 2010